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Editorial

Manuel Ammann

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First of all, I am pleased to announce the winners of the 2006 Best Paper Awards for articles published in *Financial Markets and Portfolio Management*. The "FMPM Best Paper Award" went to Wolfgang Aussenegg and Tatiana Miazhynskaia for their article titled "Uncertainty in Value-at-Risk Estimates under Parametric and Non-Parametric Modeling", which appeared in the 3rd issue of vol. 20. The "Swisscanto Award for the Best Professional Paper in FMPM" went to Cécile Le Moigne and Patrick Savaria for their article titled "Relative Importance of Hedge Fund Characteristics", which appeared in the 4th issue of vol. 20. We congratulate the winners to their outstanding contributions to FMPM!

In the first article in this FMPM issue, Steven L. Beach and Alexei G. Orlov demonstrate the potential of the Black–Litterman approach in asset management. In particular, they show that the Black–Litterman approach to portfolio optimization can be combined with input parameters derived by GARCH-based estimation methods to generate meaningful optimization results.

In the second article, Trond M. Doskeland investigates the asset allocation problem of a country in an asset-liability framework. He shows that a similar modeling framework can be applied as in the case of non-sovereign investors and that the insights derived from such a model can entail important policy implications for sovereign investors. For the case of Norway, the author recommends increased stock investments that are gradually reduced over time.

Thomas Zellweger, Roger Meister, and Urs Füglistaller analyze the relationship between the performance of family-held firms, the variance of earnings, and the dispersion of analysts' earnings forecasts. They find that firms with a dominating shareholder

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exhibit less variance in earnings and less dispersion in analysts' earnings forecast. In line with observations of previous literature on analysts' forecasts and stock performance, they propose the lower earnings forecast dispersion of family firms as an explanation for the outperformance observed.

In the fourth article of this issue, Petra Gerlach-Kristen investigates the effects of the new monetary policy strategy adopted by the Swiss National Bank in the year 2000 by analyzing the term structure of Swiss interest rates. The predictive power of the slope of the yield curve with respect to future economic activity and inflation is found to be much lower after 2000. Additionally, long-term interest rates reacted much less to inflationary shocks than before. The author conjectures that the change of the policy strategy may serve as an explanation for those effects.

In his Perspectives article, Sébastien Kraenzlin describes the Swiss repo market and documents its development in recent years. After a change in the regulatory framework, a repo market emerged in Switzerland in 1998 and has grown substantially since, complementing and competing with the unsecured inter-bank lending market.

In the first book review, Anna Cieslak discusses the book "Empirical Dynamic Asset Pricing: Model Specification and Econometric Assessment" by Kenneth J. Singleton. In the second review, Rico von Wyss discusses the book "The LIBOR Market Model in Practice" by Dariusz Gatarek, Premyslaw Bachert, and Robert Maksymiuk.

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